



APD ALERT

Purchase from Federal Prison Industries— Requirement for Market Research

Purpose

Acquisition personnel are reminded of the new requirements concerning purchases from the Federal Prison Industries (FPI).

Please review FAC 2005-03 at: http://www.acqnet.gov/far/FAC/fac2005_03.pdf for more detailed information about the new requirements.

The following chart illustrates the difference between the old and new procedures under FAR Subpart 8.6:

| OLD PROCEDURES | NEW PROCEDURES |
|--|---|
| Unless an exception per FAR 8.606 applies, - or - a clearance is obtained from FPI per FAR 8.605, purchase the product from FPI at or below the market price. | Conduct market research to determine whether an FPI product is comparable to products available from the private sector. This requirement also pertains to micro-purchases. |
| If the FPI price exceeds the market price, refer the matter to the appropriate FPI office for resolution. If the pricing matter is resolved in FPI's favor, purchase the product from FPI. | If the FPI product is comparable, purchase from FPI. If the product is not comparable, use competitive procedures to acquire the product. This is a Contracting Officer's decision. |
| Purchase the product from another source. | Provide a copy of the solicitation/RFQ to FPI. Purchase from whatever source provides the best value to the Government. |

Contact Armenda Daye on 301-504-1734 or e-mail adaye@ars.usda.gov if you need further clarification.

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